

Australian Equities High Conviction Small Growth Companies Portfolio

The Hyperion Small Growth Companies portfolio substantially outperformed its benchmark during February returning 1.94% versus the S&P/ASX Small Ordinaries Accumulation Index return of -6.71%. The largest contributors to the performance of the fund were JB Hi-Fi (15.5%), Count Financial (27.9%) and The Reject Shop (3.0%). The largest detractors from performance included UnderCoverWear (-34.6%) and Seek (-12.7%).

UnderCoverWear released a poor result with a decline in sales and NPAT of 26% and 42% respectively although this was in line with our expectations. The dividend was lowered from three cents to one cent and operating cashflow was weak at \$300,000 compared with \$2.9m in the previous comparable period. UnderCoverWear should benefit from the unemployment rate rising, and needs to turn around its consultant numbers as they have been falling over the last three years.

Performance	1 mth	6 mth	1 year	2 year	5 year
High Conviction Small Growth Companies Portfolio	1.94	-23.42	-32.89	-18.44	8.46
Excess over S&P/ASX Small Ord Accum Index	8.65	23.06	20.25	12.79	9.01

Top 10 Stock Holdings

Stock	Absolute Weight	Active Weight
The Reject Shop	10.36%	9.86%
Iress Market Technology	10.11%	9.19%
JB Hi-Fi	9.91%	7.83%
Wotif.com Holdings	8.41%	7.70%
Fantastic Holdings	7.72%	7.72%
Sky Network Television	6.55%	6.55%
Invocare	5.33%	4.40%
Seek	5.26%	4.24%
Reckon	5.20%	5.20%
Count Financial	4.86%	4.86%

Australian Equities High Conviction Large Cap Composite

The market extended its decline in February, down a further 4.6%. From peak to trough the S&P/ASX 300 has fallen by 52.7%, while global markets as measured by the MSCI World Index have fallen by 54.7%. In Australia, the best performing sectors (in the S&P/ASX 200 Accumulation Index) during the month were Banks (4.24%), Energy (2.8%) and Consumer Staples (-0.1%). The worst performing sectors for the month were Industrials (-20.6%), Non-banks (-17.7%) and Property Trusts (-16.6%).

The Hyperion Large Cap Composite outperformed during February returning -3.56% versus the S&P/ASX 300 Accumulation Index return of -4.56%. The biggest contributors to active return for the portfolio during February included JB Hi-Fi (15.5%), Count Financial (27.9%) and Wotif.com Holdings (3.12%). All three companies posted strong interim results at their half year briefings during February, a testament to their competitive advantage in their respective markets, strong management and low levels of debt.

Performance	1 mth	6 mth	1 year	2 year	5 year
High Conviction Large Cap Composite	-3.56	-25.10	-30.99	-16.22	9.97
Excess over S&P/ASX 300 Accum Index	1.00	8.22	6.26	4.87	5.76

Top 10 Stock Holdings		
Stock	Absolute Weight	Active Weight
Woolworths	7.19%	2.79%
JB Hi-Fi	7.17%	7.02%
AMP	6.69%	5.38%
Commonwealth Bank	6.64%	0.92%
Cochlear	6.09%	5.69%
Iress Market Technology	5.63%	5.56%
Brambles	5.55%	4.67%
Wotif.com Holdings	5.50%	5.45%
BHP Billiton	5.27%	-8.05%
Sky Network Television	5.00%	5.00%

Australian Equities High Conviction Broad Cap Composite

The market extended its decline in February, falling a further 4.6%. From peak to trough the S&P/ASX 300 has fallen by 52.7%, while global markets as measured by the MSCI World Index have fallen by 54.7%. In Australia, the best performing sectors (in the S&P/ASX 200 Accumulation Index) during the month were Banks (4.24%), Energy (2.8%) and Consumer Staples (-0.1%). The worst performing sectors for the month were Industrials (-20.6%), Non-banks (-17.7%) and Property Trusts (-16.6%).

The Hyperion Broad Cap Composite outperformed during February returning -3.20% versus the S&P/ASX 300 Accumulation Index return of -4.56%. The biggest contributors to active return for the portfolio during February included JB Hi-Fi (15.5%), Count Financial (27.9%) and Wotif.com Holdings (3.12%). All three companies posted strong interim results at their half year briefings during February, a testament to their competitive advantage in their respective markets, strong management and low levels of debt.

Performance	1 mth	6 mth	1 year	2 year	5 year	10 year
High Conviction Broad Cap Composite	-3.20	-26.34	-33.55	-19.46	7.16	8.69
Excess over S&P/ASX 300 Accum Index	1.36	6.98	3.71	1.63	2.95	2.55

Top 10 Stock Holdings		
Stock	Absolute Weight	Active Weight
Woolworths	7.43%	3.03%
JB Hi-Fi	7.14%	6.99%
Commonwealth Bank	6.71%	0.99%
AMP	6.62%	5.31%
Cochlear	6.33%	5.93%
Iress Market Technology	5.64%	5.57%
Wotif.com Holdings	5.51%	5.46%
Brambles	5.50%	4.62%
BHP Billiton	5.45%	-7.87%
Seek	4.38%	4.31%

Product Capacity

Product Capacity			
PORTFOLIO	UNIVERSE	CAPACITY	FUM
High Conviction Small Growth Companies	Small Ords	\$150m	\$3.12m
High Conviction Large Cap	ASX300	\$2.5b	\$145m
High Conviction Broad Cap	All Ordinaries	\$2.0b	\$666m

What's new at Hyperion?



After a very strong reporting season, the investment team was further reassured that the portfolio is well positioned to perform strongly over a 3 to 5 year investment horizon. The IRR of the portfolio continues to remain high due to the quality of the companies held within the portfolios.

Dr Manny Pohl, Managing Director & Investment Team Chairman

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